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C O N F I D E N T I A L SECTION 01 OF 05 NEW DELHI 001211

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DEPARTMENT OF ENERGY FOR TOM CUTLER, ROBERT BOUDREAU, MARY GILLESPIE

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TAGS: [PREL](#) [PARM](#) [TSPL](#) [KNNP](#) [ETTC](#) [ENRG](#) [TRGY](#) [IN](#)

SUBJECT: FS MENON AND U/S BURNS DISCUSS NEW STRATEGIC DIALOGUE ARCHITECTURE AND BILATERAL ISSUES

Classified By: CDA Peter Burleigh for Reasons 1.4 (B and D)

¶1. (C) SUMMARY. Foreign Secretary Menon and visiting Under Secretary for Political Affairs Bill Burns discussed a new architecture for the Strategic Dialogue and a variety of bilateral and regional issues during several meetings June ¶10. Remarking on the substantial overlap in thinking on how to restructure the Strategic Dialogue, they agreed on the need for an over-arching mechanism for a periodic review of progress by the Secretary of State and External Affairs Minister, as well as a streamlined set of dialogues to be grouped under the U.S.-proposed six thematic pillars. Menon proposed a new Health Cooperation Framework and three new dialogues: (1) Education, (2) Consular Issues, and (3) Sustainable Energy, Development and Climate Change. Menon also proposed broadening the Energy Dialogue; reviving the Strategic Stability Talks, including a large component on nonproliferation; and reconstituting the CEO Forum, with diminished participation from the finance sector. Menon agreed to consider continuing the Global Issues Forum and establishing a dialogue on women's empowerment. Menon also suggested the establishment of a separate bilateral channel to coordinate more closely on nonproliferation, including conclusion of a Fissile Material Cut-off Treaty (FMCT).

¶2. (C) SUMMARY CONTINUED. Menon and Burns also identified opportunities for progress on a range of bilateral issues prior to the Secretary's visit. On civil nuclear cooperation, Menon welcomed Burns' proposal to begin reprocessing consultations on July 20 and expressed his conviction that the government would designate reactor park sites for U.S. firms and submit liability legislation to Parliament prior to the Secretary's visit. He requested assistance in educating Indian officials and firms on U.S. export licensing requirements. Menon shared a new draft agreement on End Use Monitoring (EUM) and affirmed the goal of concluding an agreement before the Secretary's visit. The U.S. will propose dates in August prior to the Secretary's visit to begin negotiations on a Bilateral Investment Treaty (BIT). Ambassador Shankar proposed working toward an agreement to avoid double payment of Social Security by temporary workers in the U.S. and India, and Menon expressed an interest in negotiating a prisoner transfer agreement. Menon did not yield on a pending request for a building permit for the Mumbai Consulate, but agreed to explore options to keep the issue off the Secretary's agenda during her visit. Menon confirmed that the Technology Safeguards Agreement (TSA) could be signed after final approval by the Prime Minister's office, and that India was ready to sign an

agreement to establish a Science and Technology Commission, possibly during the Secretary's visit. Menon welcomed a visit by a U.S. team to discuss the Megaports program and extended an open invitation to Secretary of Defense Gates to visit India. END SUMMARY.

13. (SBU) Participants:

Under Secretary William Burns
Assistant Secretary Robert Blake
Charge d'Affaires Ambassador Peter Burleigh
Deputy Director of Policy Planning Derek Chollet
Deputy Chief of Mission Steven White
Acting Political Counselor Les Viguerie
Acting Economic Counselor John Fennerty
P Staff Tom West
Political Officer David Holmes (note-taker)

Foreign Secretary Shivshankar Menon
Ambassador to the United States Meera Shankar
Joint Secretary for the Americas Gaitri Kumar
Joint Secretary for Bangladesh, Sri Lanka, Maldives, and Myanmar T.S. Tirumurti

Menon and Burns Discuss Strategic Dialogue and Bilateral Issues
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14. (C) Foreign Secretary Menon welcomed visiting Under Secretary for Political Affairs Bill Burns on his first visit to New Delhi as Under Secretary June 10. Over the course of

NEW DELHI 00001211 002 OF 005

an initial one-on-one meeting, a bilateral session, and a regional issues lunch (septel), they discussed a revised Strategic Dialogue architecture, identified opportunities for progress in the bilateral relationship prior to the Secretary's visit, and shared perspectives on regional security. Open and upbeat, Menon remarked "not just on the compatibility, but also the congruence" of views on how to advance the Strategic Partnership. Menon observed that foreign policy had not turned out to be a divisive electoral issue in India's April-May parliamentary elections, concluding that the election results provided a "clear and renewed" mandate for further progress in U.S.-India relations. Menon relayed Prime Minister Singh's message that India was ready for "a new phase of sustained bilateral engagement to take our strategic partnership to a new level." Burns shared the President's and Secretary's message that "this is a moment of enormous promise in our strategic partnership."

Agreement on A New Strategic Dialogue Architecture
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15. (C) Menon and Burns remarked on the substantial overlap in thinking on how to restructure the Strategic Dialogue, including the need for an over-arching mechanism for a periodic review of progress by the Secretary and External Affairs Minister Krishna. Menon added that there would also be a need for a series of high-level visits by other senior ministers. In the one-on-one meeting, Menon welcomed a visit by the Secretary this summer. He supported the idea of issuing a joint statement during the visit and agreed to review a preliminary draft when available.

16. (C) Menon also affirmed the U.S. idea of structuring the Strategic Dialogue around six thematic pillars. He suggested pruning back the 29 bilateral dialogues to a total of 17, including several new, restructured, or expanded dialogues. In sum, he proposed adding three new dialogues on Education, Consular Issues, and Sustainable Energy, Development and Climate Change; establishing a new Health Cooperation Framework; broadening the Energy Dialogue; reviving the Strategic Stability Talks, including a large component on disarmament and nonproliferation; and reconstituting the CEO

Forum, perhaps with a diminished emphasis on participants from the finance sector. Menon agreed as a next step to review a proposal on how to group his streamlined list of 17 dialogues under the rubric of six pillars.

Strategic Stability and Nonproliferation

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¶17. (C) Menon praised the High Technology Cooperation Group (HTCG) for its achievements, but observed that much work remained, including a review of the Entities List in light of progress on civil nuclear cooperation. Menon hoped the proposed Strategic Stability Talks could address a range of nonproliferation issues. Compliance with the guidelines of the Nuclear Suppliers Group (NSG) and Missile Technology Control Regime (MTCR) was in India's interest, according to Menon, and India would like to be a full member of the groups. Burns agreed that while NSG membership may not be possible presently, continuing discussions would be useful. India would continue to support the Proliferation Security Initiative (PSI) in practice, but could not formally endorse the PSI principles, which are based in the Suppression of Unlawful Acts at Sea (SUAS) convention that included language that could be read as targeting India as a non-signatory of the Nuclear Nonproliferation Treaty (NPT). Menon joked that he hoped our lawyers could find a fix.

¶18. (C) Menon proposed the establishment of a bilateral channel to coordinate more closely on nonproliferation, including efforts to ratify the Comprehensive Test Ban Treaty (CTBT) and conclude a Fissile Material Cut-off Treaty (FMCT). Menon observed that although the U.S. and India may disagree on timing and tactics, we share the long-term goal of eliminating nuclear weapons. Burns suggested that President Obama's proposal of a conference on nuclear safety and security would add momentum to these efforts. Menon also said India wanted to work together toward the establishment

NEW DELHI 00001211 003 OF 005

of International Nuclear Fuel Banks.

Civil Nuclear Cooperation and Energy

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¶19. (C) On civil nuclear cooperation, Menon thanked Burns for sharing a paper proposing that reprocessing consultations begin on July 20 and asserted that progress on the reprocessing consultations would help marginalize the lingering concerns of nay-sayers in India. Burns stressed the importance of designating a second reactor park site for U.S. firms -- in addition to the site in Andhra Pradesh Menon identified -- before the Secretary's visit. Menon added that the government was considering two sites on the West coast to balance the two U.S. sites geographically (Note: And presumably to rule out sites in West Bengal and Orissa). India was in the process of preparing its facilities declaration for the IAEA. Menon confirmed that the new Cabinet would have to approve the Convention on Supplementary Compensation for Nuclear Damage before submitting the liability legislation to Parliament, but dismissed it as routine and said he hoped this could be done prior to the Secretary's visit. Menon said the Additional Protocol was "already in force, as far as I'm concerned," and that he was not sure what needed to take place for the ratification to be complete, adding that India was "waiting to hear from the IAEA." Menon said the Indian government and Indian firms were confused "as usual" by U.S. licensing requirements. He requested that we find a way to provide "a practical level of comfort to those who actually have to seek licenses."

¶10. (C) Menon proposed that the broadened Energy Dialogue including not just civil nuclear energy, but also energy efficiency, renewables, and better approaches to oil and coal. He said India was interested in President Obama's Renewable Energy Partnership. Now that India has a national energy strategy, Menon said ministries across the government

are keen to engage. Cooperation will also help with dialogue on climate change. Burns stressed the need to launch cooperation quickly with a view toward a good outcome at the Major Economies Forum in July.

End Use Monitoring, Defense Policy, and Counter-Terrorism
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¶11. (C) Burns and Menon agreed that concluding an agreement on End Use Monitoring (EUM) before the Secretary's visit should be a top priority. Menon suggested that an agreement on EUM would "unlock" progress on the Communications Interoperability and Security Memorandum of Understanding (CISMOA) and the Logistics Support Agreement (LSA), adding that these would not be difficult once EUM was resolved. More broadly, Menon proposed continuing with the existing Defense Policy Group, adding that technical level groups may need updating. He said he hoped the Group could look at opportunities in co-production of defense hardware, joint research and development, and technology transfer, adding, "We've become very ambitious for our relationship." Menon also issued an open invitation for a visit from Secretary of Defense Gates.

¶12. (C) Menon supported a continuation of the Joint Working Group on Counter-terrorism and said he hoped Home Minister Chidambaram could visit the U.S. soon. Ambassador Shankar added that India would like to expand intelligence sharing and increase exchanges with the Department of Homeland Security. Menon stressed the importance of training and capacity building. He said the government needed to formalize much of the progress achieved since the Mumbai attacks. Menon said he would welcome a visit to discuss the Megaports program.

Economic Issues, Social Security, Science and Technology
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¶13. (C) Burns said the U.S. was ready to begin negotiations toward a Bilateral Investment Treaty (BIT) as soon as India was ready. Menon agreed and welcomed proposed dates from the US in August following the conclusion of the Budget parliament session, with an agreement on dates prior to the

NEW DELHI 00001211 004 OF 005

Secretary's visit. Menon would like to hold a reconstituted CEO forum in September on the margins of UNGA and said he would solicit a list of topics. Indian business is increasingly concerned about rising protectionism in the U.S., according to Menon, who proposed that the Economic Dialogue think about how to address this concern. Burns replied that the U.S. Trade Representative had touched on the issue in his meeting with the Indian Trade Minister in Bali and agreed that it would be useful to carry forward the conversation. Ambassador Shankar said that the Indian government understood that a Social Security Totalization agreement was not in the cards, and proposed as an alternative an agreement to avoid double payment of Social Security by temporary workers in the U.S. and India. Burns requested a paper providing further details. At Burns' request, Menon promised to follow up on the tender won by General Electric to build a railroad locomotive plant in Bihar, which had been canceled at the last cabinet meeting before the elections.

¶14. (C) The Technology Safeguards Agreement (TSA) would be ready to sign as soon as it is cleared by Prime Minister Singh; Menon said if it was not possible during U/S Burns' visit it would be ready for signature before the Secretary's visit. Menon also said India was ready to sign an agreement to establish a science and technology commission, possibly during the Secretary's visit. Menon stressed that the proposed Science and Technology Forum (STF) was not meant to be solely government-to-government, but should also include private sector representatives as well as possibly universities. In response to Assistant Secretary Blake's

suggestion that a private sector commission could provide recommendations, Menon agreed, but said he hoped those suggestions could be fed into each group and then aggregated, rather than establishing a separate mechanism.

Consulates and Consular Issues

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¶15. (C) Menon welcomed Burns' description of ongoing efforts to address India's concerns in the New York Tax Case, but did not yield on a pending request for a building permit for the Mumbai Consulate. He agreed to explore options -- such as allowing work to go forward while withholding the final occupancy permit -- to keep the issue off the Secretary's agenda during her visit. Menon flagged India's interest in opening consulates in Atlanta and Seattle, and said India would welcome a new U.S. consulate in Bangalore. Menon was grateful for progress on speeding up the processing of Visas Mantis cases. He said he envisioned a Dialogue on Consular Issues being broader than just passports and visas, and he noted India's interest in a prisoner transfer agreement.

Agriculture, Education, Global Issues

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¶16. (C) Menon said India had not proposed a separate dialogue on agriculture because the Agriculture Knowledge Initiative had not worked well due to bureaucratic mismatch, leaving the participants without direct counterparts feeling of "ships passing in the night." He said agriculture cooperation remained a GOI priority and, in order to avoid a repeat of the AKI -- where market access, research and applied agricultural issues became entangled and unproductive -- the GOI preferred to deal with them in the existing dialogues, e.g., market access in the Trade Policy Forum and research in the S&T dialogue. A/S Blake responded that the U.S. was reviewing a number of creative ideas for agriculture cooperation and would share them shortly, which Menon welcomed.

¶17. (C) Menon proposed a new Education Dialogue, folding in the work from the CEO Forum. He said he hoped the new Education Minister would visit the U.S. very soon. Assistant Secretary Blake observed that the enormous interest from U.S. universities to establish campuses in India could serve as a catalyst to increase cooperation in education and suggested that the Dialogue should be informed by the views of a wide range of education stakeholders. Menon agreed to consider continuing the Global Issues Forum and also agreed that a

NEW DELHI 00001211 005 OF 005

proposal for a dialogue on women's empowerment made sense.

¶18. (U) Under Secretary Burns cleared this message.
BURLEIGH